

UNITED STATES BANKRUPTCY COURT

Chapter 11

SOUTHERN DISTRICT OF NEW YORK.

Case No 22-10943 (MEW)

In re:

Judge wiles

VOYAGER DIGITAL HOLDINGS, INC., et al.,

Debtors.

FILING UNAUDITED BALANCE SHEETS IN BANKRUPTCY IS ILLEGAL

In support of the motion filed on 01/30/2023, for financial oversight and auditing of balance sheets; Doc # 922.

It is illegal to file unaudited balance sheets in a bankruptcy case because the Bankruptcy Code requires full and complete disclosure of a debtor's financial affairs. 11 U.S.C. § 521(a)(1)(B)(iv) of the Bankruptcy Code requires a debtor to file, among other things, a "statement of financial affairs." This statement must provide a comprehensive overview of the debtor's financial history and transactions and must be filed under penalty of perjury.

The purpose of the statement of financial affairs is to ensure that the bankruptcy court and creditors receive a complete and accurate picture of the debtor's financial situation. An unaudited balance sheet is not considered a complete and accurate representation of the debtor's financial affairs because it has not been subject to independent verification by an auditor. As a result, filing an unaudited balance sheet in a bankruptcy case constitutes a violation of the Bankruptcy Code and could result in sanctions or other legal consequences.

In *Grogan v. Garner*, 498 U.S. 279 (1991), the Supreme Court emphasized the importance of full and complete disclosure in the bankruptcy process, stating that the

Bankruptcy Code "requires complete disclosure of the debtor's financial affairs in order to preserve the integrity of the bankruptcy process and to ensure that creditors receive fair treatment." The Court went on to explain that the requirement of complete disclosure is necessary to prevent fraud and abuse in the bankruptcy system, and to ensure that creditors receive full and complete information about the debtor's financial situation.

In conclusion, filing unaudited balance sheets in a bankruptcy case is illegal because it violates the Bankruptcy Code's requirement of full and complete disclosure. The filing of an unaudited balance sheet is inconsistent with the purpose of the bankruptcy process and could result in legal consequences for the debtor.

Respectfully submitted,

/s/ Alah Shehadeh

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P.O BOX 2454

Orland Park, IL 60462

708-971-3241

exclusivetrends@icloud.com